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MONTHLY REPORT



THE SITUATION IN SOUTH VIETNAM

21 January 1965

INTELLIGENCE AND REPORTING SUBCOMMITTEE OF THE INTERAGENCY 25X1
VIETNAM COORDINATING COMMITTEE

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I. SOUTH VIETNAM MONTHLY SITUATION REPORT

A. POLITICAL SITUATION

1. The precarious position of the government of Prime Minister Tran Van Huong, under unrelenting attack by Buddhist, student, and other political elements virtually since its inception in October 1964, has been further weakened by the current confrontation with the Vietnamese military leadership. So long as the military, however factionalized and fundamentally distrustful of civilian rule, supported the Huong government and so long as the Buddhist leadership was unable to find a popular issue on which to focus their attacks, Huong appeared able to ride out the almost daily crises created by demonstrations, riots, public criticism, and political intrigue. The outcome of the confrontation with Khanh and the young Turks, created initially by the latter's unilateral dissolution of the High National Council (HNC) on 20 December, has further increased Premier Huong's weakness vis-a-vis the military. This has already been demonstrated by the military's demands that Huong reshuffle his cabinet more extensively than Huong had originally envisaged and by the inclusion of military officers in key cabinet positions. Moreover, the crisis in late December, for the moment at least, has strengthened the position of General Nguyen Khanh within the military and produced resentment of the United States among a number of general officers.

2. There is no assurance that the military leadership, having resumed its open role in government, will now act with a greater sense of political responsibility or cohesiveness than it has exhibited in the past. Nor is there any assurance that the generals will not proceed to extend further their direct authority in governmental affairs, thus once again raising the danger of a demonstration over what might appear to be outright military rule. The Buddhists themselves have already expressed some concern in this respect, and more pointedly their distrust of General Khanh. For the moment, however,

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they remain cautious in their attitude toward the military and indeed may be seeking support among some of the generals in their unrelenting opposition to Premier Huong. In turn, the military, particularly Generals Khanh, Ky, and Thi, apparently are conscious of the importance of the Buddhist power and are attempting to improve their image with the Buddhist leadership.

3. Premier Huong's position, while uncertain at best, will also depend in the weeks ahead on his astuteness and flexibility in dealing with both the Buddhists and the military. While he has tended to fear more the confrontation with the Buddhists than with the military, he has voiced increasing suspicions over a possible Buddhist-military combination against him which he undoubtedly would not be able to withstand. His principal efforts, therefore, for the immediate future may well be focused on preventing such a Buddhist-military arrangement, and he apparently hopes that the holding of national elections for a National Assembly will assist his objective.

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B. ECONOMIC

The past month witnessed increased pressure on retail prices, partially as a result of increased Viet Cong taxation in the provinces and political instability in Saigon. After some delay, the government announced official wholesale rice prices for 1965, which are to be at a somewhat higher level than last year. The black market rate of the dollar remained fairly steady until the end of the period when the rate rose due to the uncertain political situation and the demand for hard currency to purchase luxury goods and to pay off year-end debts as the Vietnamese new year (Tet) approached.

The government has also approved the CY 1965 budget with total expenditures at 46.6 billion piasters, a considerable increase over last year's budget. The US mission council will review the budget in the spring in an effort to reduce the inflationary impact of the anticipated large deficit.

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C. MILITARY SITUATION

1. After two months of declining activity, the Viet Cong moderately intensified their actions in December. The most intense period occurred during the first 10 days of the month when the Viet Cong conducted several battalion and company-size attacks and ambushes. Small-scale activities, i.e., terrorism, harassments, and acts of sabotage, did not reach a peak until just prior to Christmas. Since then, Communist initiated activity has gradually declined. The three most spectacular events in December were the An Lao battle in Binh Dinh Province, the Brink BOQ Christmas Eve bombing in Saigon and the severe mauling of a strong government force by a large Viet Cong force estimated at near regimental strength in Phuoc Tuy Province.

Except for the An Lao and Phuoc Tuy engagements, December presented little change in the overall pattern of Communist activities. Despite the initial surge of large-scale attacks, terrorism and small scale harassments predominated. The southerly IV Corps received the brunt of Communist actions, more than twice that of any other corps area, and comprised approximately one-half of all activity including armed attacks, perpetrated by the insurgents in December. The least active area was II Corps although some of the decline in activity may be attributed to the administrative transfer of normally active Quang Ngai Province to the operational control of I Corps.

The Phuoc Tuy engagement was significant in that it was protracted for about one week at Viet Cong initiative in the face of numerically superior forces. The Viet Cong, however, were able to ambush and attack isolated elements of ARVN which were committed to the engagement piece-meal. The Communists had obviously prepared long and well for this engagement and capitalized on tactical errors committed by ARVN. The lack of a coordinated ARVN command during the battle, which stemmed from the distraction of senior responsible commanders by the Saigon political situation, was a significant factor in the Viet Cong victory. Subsequent

government sweeps of Phuoc Tuy in January have failed to meet any Viet Cong; however, there is no indication that the Viet Cong force has departed the general area. On 17 January, a sizable Viet Cong force temporarily seized a village and ambushed two government paramilitary companies in northwestern Binh Tuy Province, about 40 miles northeast of Binh Gia. Similarly the early December An Lao operation in Binh Dinh Province also involved a large Viet Cong force, greater than two battalions, which had been deployed to ambush government reaction forces.

The Viet Cong's positioning of large forces to the east of Saigon is at least in part in reaction to Hop Tac. The Viet Cong probably hope to cause ARVN to divert forces from pacification operations around Saigon. Thus far, ARVN has used only the general reserve for the reaction operation in Phuoc Tuy; however, if the Viet Cong conduct other similar protracted operations, the government will be hard pressed to find sufficient reserves constantly to react without injuring the national pacification effort. The Viet Cong are certain to move into any void created by the withdrawal of pacification forces. There are now some indications that the Viet Cong may be intent on escalating their activities in the Hop Tac area south and west of Saigon.

Current Viet Cong activity is of low intensity. Since the first of the year, Communist-initiated activity has gradually declined, as measured by the number of incidents. Armed attacks have been few, averaging only 12 per week. Communist propaganda indicates an intent to repeat last year's Tet stand down with respect to Viet Cong activity. On the other hand the pattern and character of recent activity, suggests that the Viet Cong may be conserving forces for a resurgence of military activities in the near future, perhaps even before Tet. Given their increased military capabilities and the success achieved in recent confrontations against numerically superior forces, the Viet

Cong may attempt more spectacular actions; at the very least, a step-up of small-scale activities is to be expected.

2. Government efforts in December to check Viet Cong gains in the countryside and to gain the military initiative were generally unsuccessful. Major ARVN operations during the month fluctuated widely from week to week, probably a reflection of Saigon's unstable political climate. The number of operations making contact with the Viet Cong in December was slightly above previous months. There were a few individual actions which produced favorable results, but by-and-large, most were unproductive in respect to Viet Cong killed, captured or enemy supplies destroyed.

There was a hopeful sign in January. Last week, the number of major operations conducted took a sharp upturn and was accompanied by a slight increase in the number engaging the enemy. There were several operations in the northern coastal regions of I and II Corps last week which produced very favorable results. A continuation of similarly productive operations in I and II Corps could have a favorable impact by keeping the Viet Cong off balance in an area where Communist strength appears to be growing.

The manpower strengths of the armed forces has increased moderately. At year's end, the regular force strength totalled 246,284 compared to 236,500 on 30 November. Paramilitary strength, not including police, was 289,567 compared to 286,996 at the end of November. Desertions during the past year, however, have exceeded prior years. Desertions in November totalled 2,820 for the regular forces, and 4,247 for the paramilitary. Estimated desertions for December are: regular force 2,500, and for the paramilitary 4,300. This will represent a slight decline from November if the estimate holds.

The military capabilities of the Viet Cong were not reduced in December. Encouraged by recent success, it seems probable that the Communists will intensify their activities in the coming weeks and months.

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The Viet Cong ended the year on a high note of optimism, accentuated by a significant victory over a superior force during the last week of the year. The Viet Cong view their prospects for 1965 with the same high degree of expectation.

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DECEMBER STATISTICAL SUMMARY

VC Initiated Incidents

| <u>Attacks</u> | <u>Terrorism</u> | <u>Sabotage</u> | <u>Propaganda</u> | <u>AA Fire</u> | <u>Total Incidents</u> |
|----------------|------------------|-----------------|-------------------|----------------|------------------------|
| 96 | 1,719 | 318 | 128 | 243 | 2,504 |

Casualties:

RVN

Total - 4,147
KIA - 1,002

VC

Total - 2,316
KIA - 1,813

Weapon Losses:

RVN - 2,111
VC - 666

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D. PACIFICATION

Pacification, on a nationwide basis, has generally been stalled for the past month. Although there are pacification plans in effect in all provinces (except Con Son Island), there has been little significant progress; in some areas there has been an appreciable deterioration of government control. Even though South Vietnamese officials report continuing progress in the high priority Hop Tac effort around Saigon, it remains to be seen whether these are more than paper achievements. To date there has been no major effort by the Viet Cong to strike at areas which are now claimed as "secure," and therefore the validity of government claims remains untested. The Viet Cong have increased their numbers and the tempo of their operations in areas adjacent to Hop Tac in what is apparently an attempt to draw off government forces committed to this major pacification effort.

II. THIRD COUNTRY DEVELOPMENTS

The most significant developments in South Vietnam's foreign relations during the past month focused on proposed Philippine and Korean military assistance and on Sihanouk's plans to hold a preparatory meeting in Phnom Penh for an "Indochinese People's Conference." Sihanouk has reiterated that the conference is not government-sponsored and claims that it will not be held unless a sufficient number of non-Communist Indochinese are willing to attend. Thus far, Cambodian organizations, Vietnamese and Lao Communist and Communist front organizations, as well as a few neutralist-oriented Vietnamese expatriates in Paris have indicated they will attend.

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III. DEVELOPMENTS IN THE BLOC

Bloc propaganda support for the war in South Vietnam continued at a high level during the past month. Soviet Foreign Minister Gromyko repeated earlier warnings that the USSR is prepared to render all necessary assistance to North Vietnam in the event of US attack, and the Front was granted permission to open a permanent office in Moscow.

For its part, Peiping devoted a large amount of attention to the Viet Cong victory at Binh Gia and used it as evidence that the Viet Cong had progressed from a "guerrilla force to a formidable liberation army." Both Hanoi and the Front echoed this language in a continuing effort to portray the Viet Cong as a formidable and invincible force.

Peiping, Hanoi, and Pyongyang came down hard on the South Korean proposal to send 2,000 troops to South Vietnam. Communist charges that this is an "internationalization" of the war could be used to justify further assistance to the Viet Cong. Pyongyang, in a move designed to show its support and solidarity for North Vietnam during the month, sent its Defense Minister to Hanoi for DRV army day celebrations.

South Vietnamese and Viet Cong Casualties and Weapons
Losses: 1962 - December 1964

1. General Statistical Data:

| Time Period | | Viet Cong Inci- dents | Killed in Action | | Wounded in Action | | Captured or Missing | | Total Casualties | | Weapons Losses | |
|----------------|------|--------------------------------|------------------------|------|-------------------------|-----|------------------------|-----|---------------------|------|-------------------|-----|
| | | | GVN | VC | GVN | VC | GVN | VC | GVN | VC | GVN | VC |
| Jan | 1962 | 1825 | 299 | 1294 | 475 | 211 | 116 | 391 | 890 | 1396 | - | - |
| | 1963 | 927 | 453 | 1754 | 908 | 318 | 102 | 379 | 1463 | 2451 | 457 | 683 |
| | 1964 | 1770 | 343 | 1223 | 913 | - | 555 | 240 | 1811 | 1463 | 917 | 532 |
| Feb | 1962 | 1460 | 244 | 1205 | 300 | 316 | 124 | 353 | 668 | 1874 | - | - |
| | 1963 | 788 | 379 | 1082 | 656 | 303 | 82 | 292 | 1117 | 1677 | 253 | 399 |
| | 1964 | 2078 | 374 | 1055 | 916 | - | 303 | 289 | 1593 | 1344 | 708 | 471 |
| Mar | 1962 | 1961 | 523 | 1456 | 737 | 551 | 140 | 523 | 1400 | 2530 | - | - |
| | 1963 | 1282 | 410 | 1443 | 851 | 368 | 66 | 205 | 1327 | 2016 | 467 | 367 |
| | 1964 | 2160 | 439 | 1456 | 1249 | - | 345 | 531 | 2033 | 1987 | 814 | 532 |
| Apr | 1962 | 1933 | 387 | 1596 | 532 | 292 | 151 | 415 | 1070 | 2303 | - | - |
| | 1963 | 1331 | 506 | 1660 | 878 | 256 | 96 | 388 | 1480 | 2304 | 797 | 468 |
| | 1964 | 2284 | 594 | 1671 | 1584 | - | 398 | 245 | 2576 | 1916 | 990 | 424 |
| May | 1962 | 1825 | 390 | 1756 | 509 | 352 | 94 | 524 | 993 | 2632 | - | - |
| | 1963 | 1208 | 435 | 1895 | 889 | 256 | 94 | 695 | 1418 | 2885 | 463 | 564 |
| | 1964 | 2143 | 458 | 1135 | 987 | - | 202 | 242 | 1647 | 1377 | 723 | 281 |
| Jun | 1962 | 1477 | 325 | 1666 | 613 | 416 | 77 | 441 | 1015 | 2523 | - | - |
| | 1963 | 1311 | 389 | 1862 | 772 | 310 | 90 | 437 | 1251 | 2609 | 580 | 394 |
| | 1964 | 2062 | 494 | 1005 | 1145 | - | 313 | 230 | 1952 | 1235 | 718 | 387 |
| Jul | 1962 | 1564 | 384 | 1544 | 686 | 424 | 212 | 542 | 1282 | 2510 | - | - |
| | 1963 | 1368 | 529 | 1918 | 1071 | 372 | 306 | 387 | 1906 | 2677 | 934 | 374 |
| | 1964 | 3045 | 900 | 1427 | 1812 | - | 510 | 219 | 3222 | 1646 | 1889 | 447 |
| Aug | 1962 | 1642 | 377 | 2271 | 626 | 367 | 63 | 669 | 1066 | 3307 | - | - |
| | 1963 | 1349 | 411 | 1685 | 804 | 237 | 352 | 482 | 1567 | 2404 | 637 | 428 |
| | 1964 | 2580 | 721 | 1449 | 1612 | - | 478 | 282 | 2811 | 1731 | 1106 | 619 |

| Time Period | | Viet Cong Incidents | Killed in Action | | Wounded in Action | | Captured or Missing | | Total Casualties | | Weapons Losses | |
|-------------|------|---------------------|------------------|------|-------------------|-----|---------------------|-----|------------------|------|----------------|-----|
| | | | GVN | VC | GVN | VC | GVN | VC | GVN | VC | GVN | VC |
| Sep | 1962 | 1375 | 419 | 2218 | 646 | 365 | 59 | 446 | 1124 | 3029 | - | - |
| | 1963 | 1763 | 672 | 1982 | 1155 | 234 | 566 | 347 | 2393 | 2583 | 607 | 389 |
| | 1964 | 3091 | 819 | 1187 | 1759 | - | 737 | 230 | 3315 | 1417 | 1465 | 525 |
| Oct | 1962 | 1357 | 365 | 1967 | 619 | 286 | 64 | 373 | 1048 | 2626 | - | - |
| | 1963 | 1422 | 428 | 1520 | 989 | 244 | 398 | 236 | 1815 | 2000 | 753 | 330 |
| | 1964 | 2827 | 739 | 1617 | 1583 | - | 693 | 576 | 3015 | 2193 | 1510 | 482 |
| Nov | 1962 | 1311 | 410 | 1982 | 834 | 368 | 92 | 561 | 1336 | 2911 | - | - |
| | 1963 | 3182 | 664 | 2333 | 1554 | 373 | 665 | 252 | 2883 | 2958 | 1595 | 455 |
| | 1964 | 1982 | 574 | 1747 | 1404 | - | 410 | 570 | 2388 | 2317 | 1104 | 515 |
| Dec | 1962 | 1346 | 294 | 2203 | 618 | 289 | 78 | 463 | 990 | 2755 | - | - |
| | 1963 | 1882 | 389 | 1440 | 961 | 191 | 320 | 190 | 1670 | 1821 | 724 | 546 |
| | 1964 | 2504 | 1,002 | 1813 | 2053 | - | 1092 | 503 | 4147 | 2316 | 2111 | 666 |

Composite Annual Totals

| Time Period | VC Incidents | KIA | | WIA | | Captured or Missing | | Total Casualties | | Weapons Losses | |
|-------------|--------------|------|-------|-------|------|---------------------|------|------------------|-------|----------------|--------|
| | | GVN | VC | GVN | VC | GVN | VC | GVN | VC | GVN | VC |
| 1962 | 19076 | 4417 | 21158 | 7195 | 4237 | 1270 | 5701 | 12882 | 30896 | 5195 | 4049** |
| 1963 | 17813 | 5665 | 20574 | 11488 | 3462 | 3137 | 4290 | 20290 | 28385 | 8267 | 5397 |
| 1964 | 28,526 | 7477 | 16785 | 17017 | - | 6036 | 4157 | 30510 | 20942 | 14055 | 5881 |

** Monthly data unavailable for 1962 Weapons Losses.

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2. Viet Cong Incidents

A T T A C K S

| Time Period | Viet Cong Incidents | Small-Scale | BN. Size | Co. Size | Total | Terrorism | Sabotage | Propaganda | Anti-Aircraft |
|-------------|---------------------|-------------|----------|----------|-------|-----------|----------|------------|---------------|
| 1962 | 1825 | 528 | -- | -- | 549 | 839 | 180 | 257 | -- |
| Jan 1963 | 927 | 242 | 2 | 8 | 252 | 447 | 49 | 179 | -- |
| 1964 | 1770 | 218 | 3 | 2 | 223 | 1244 | 129 | 174 | -- |
| 1962 | 1460 | 480 | -- | -- | 500 | 613 | 137 | 210 | -- |
| Feb 1963 | 788 | 181 | 1 | 13 | 195 | 433 | 69 | 91 | -- |
| 1964 | 2078 | 211 | 3 | 3 | 217 | 1389 | 201 | 271 | -- |
| 1962 | 1961 | 561 | -- | -- | 588 | 660 | 290 | 423 | -- |
| Mar 1963 | 1282 | 333 | 0 | 11 | 344 | 653 | 131 | 154 | -- |
| 1964 | 2160 | 198 | 1 | 4 | 203 | 1632 | 158 | 167 | -- |
| 1962 | 1933 | 470 | -- | -- | 497 | 1024 | 220 | 192 | -- |
| Apr 1963 | 1331 | 371 | 3 | 9 | 383 | 688 | 105 | 155 | -- |
| 1964 | 2284 | 211 | 3 | 6 | 220 | 1738 | 169 | 157 | -- |
| 1962 | 1825 | 490 | -- | -- | 528 | 892 | 154 | 251 | -- |
| May 1963 | 1208 | 344 | 0 | 13 | 357 | 608 | 93 | 150 | -- |
| 1964 | 2143 | 170 | 2 | 3 | 175 | 1418 | 217 | 140 | 193 |
| 1962 | 1477 | 385 | 1 | 21 | 407 | 736 | 157 | 222 | -- |
| Jun 1963 | 1311 | 398 | 1 | 11 | 410 | 652 | 107 | 142 | -- |
| 1964 | 2062 | 128 | 2 | 10 | 140 | 1390 | 176 | 162 | 194 |
| 1962 | 1564 | 437 | 1 | 10 | 448 | 735 | 158 | 223 | -- |
| Jul 1963 | 1368 | 398 | 1 | 8 | 407 | 698 | 80 | 183 | -- |
| 1964 | 3045 | 166 | 12 | 7 | 185 | 2132 | 286 | 224 | 218 |
| 1962 | 1642 | 368 | 0 | 9 | 377 | 885 | 146 | 233 | -- |
| Aug 1963 | 1349 | 356 | 1 | 11 | 368 | 647 | 113 | 221 | -- |
| 1964 | 2580 | 107 | 3 | 3 | 113 | 1775 | 315 | 173 | 204 |
| 1962 | 1375 | 382 | 0 | 9 | 391 | 624 | 178 | 182 | -- |
| Sep 1963 | 1763 | 483 | 3 | 17 | 503 | 889 | 164 | 207 | -- |
| 1964 | 3091 | 110 | 4 | 4 | 118 | 1938 | 482 | 178 | 375 |

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Continued

A T T A C K S

| Time Period | Viet Cong Incidents | Small-Scale | BN. Size | Co. Size | Total | Terrorism | Sabotage | Propaganda | Anti-Aircraft |
|-------------|---------------------|-------------|----------|----------|-------|-----------|----------|------------|---------------|
| 1962 | 1357 | 406 | 1 | 12 | 419 | 583 | 189 | 166 | -- |
| Oct 1963 | 1422 | 363 | 0 | 6 | 369 | 802 | 105 | 150 | -- |
| 1964 | 2827 | 75 | 6 | 2 | 83 | 1790 | 480 | 197 | 277 |
| 1962 | 1311 | 411 | 3 | 7 | 421 | 614 | 144 | 132 | -- |
| Nov 1963 | 3182 | 631 | 3 | 11 | 645 | 1990 | 269 | 278 | -- |
| 1964 | 1982 | 57 | 1 | 2 | 60 | 1391 | 247 | 109 | 175 |
| 1962 | 1346 | 375 | 1 | 8 | 384 | 670 | 107 | 185 | -- |
| Dec 1963 | 1882 | 258 | 0 | 3 | 261 | 1228 | 111 | 251 | -- |
| 1964 | 2,504 | 81 | 6 | 9 | 96 | 1,719 | 318 | 128 | 243 |

Composite Annual Totals

| | | | | | | | | | |
|------|--------|------|----|-----|------|--------|------|------|---------|
| 1962 | 19,076 | 5295 | 41 | 173 | 5509 | 8875 | 2060 | 2676 | No Data |
| 1963 | 17,813 | 4358 | 15 | 121 | 4494 | 9735 | 1396 | 2161 | No Data |
| 1964 | 28,526 | 1732 | 46 | 55 | 1833 | 18,656 | 3178 | 2080 | 1879 |

*Thru 30 November 1964

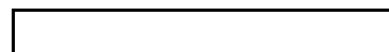
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